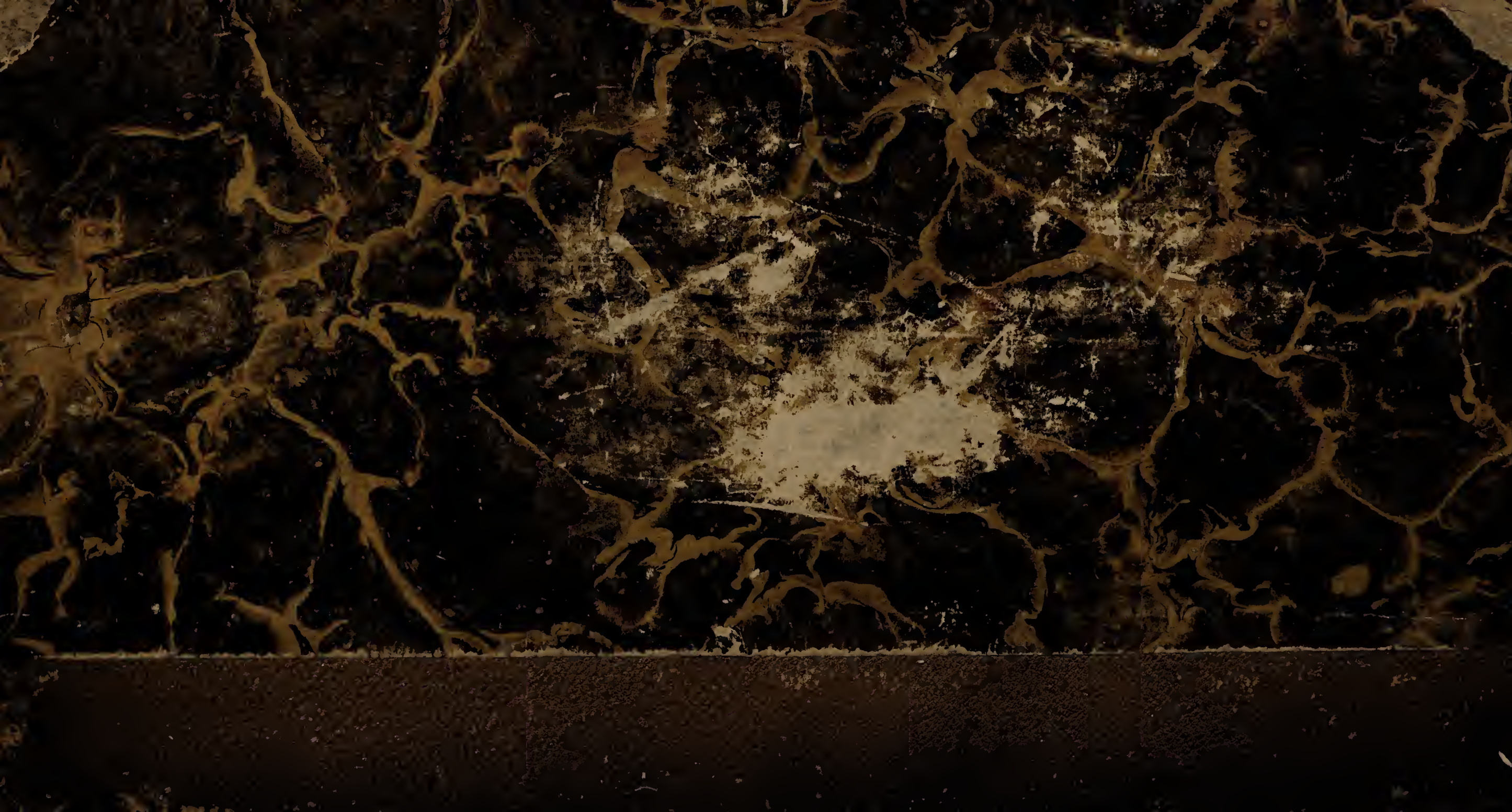

21

REPORT

OF THE

"UNION COMMITTEE"

APPOINTED BY THE MEETING OF

THE SIGNERS OF THE MEMORIAL TO CONGRESS,

HELD

ON THE 11th DAY OF FEBRUARY, 1834,

AT THE MERCHANTS' EXCHANGE, IN THE CITY

OF NEW-YORK.

NEW-YORK:

HARPER & BROTHERS, 82 CLIFF-STREET.

1834.

REPORT, &c.

THE "Union Committee" appointed by the meeting of merchants and others (signers of the memorial to Congress) held on the 11th day of February, 1834, at the Merchants' Exchange of New-York, submit the following report: in which as the only means in their power of inducing a reconsideration of the subject by the State Legislature, the Committee have imbodied their views respecting the removal of the public deposites and a National Bank.

The Committee, anxious in the first instance to ascertain the situation of the State Banks and of the Branch Bank in this city, and the probable amount to which their accommodations might be extended, applied to them for that purpose. The Banks have, almost universally, cheerfully complied with that request, although some delay has necessarily taken place; and the statement annexed to this report which exhibits their situation on the 1st of October, 1833, and the 1st of February 1834, respectively, shows that, so far from any curtailment having taken place, the accommodations given by the Banks have, during that period, been increased more than five millions, and, on the 1st of February amounted to almost forty millions of dollars.

On the 1st of October last the loans and discounts of the three Banks, which have since been selected to collect the revenue of the United States, amounted to	$9,189,593
Those of the other 16 Banks, then in operation to	18,953,183
And those of the Branch of the United States	6,180,833
	$34,323,609
On the 1st of February last those of the three selected Banks amounted to . .	$13,769,552
Those of the 17 other city Banks then in operation to	19,494,195
And those of the Branch Bank to . .	6,458,540
	$39,722,287

It was evident from that statement, that the City Banks had extended their loans and discounts to the utmost extent consistent with their safety. The liabilities of the eighteen Banks of which we have complete returns, including the aggregate amount of their circulation and public and private deposites, and deducting that of their own notes and checks drawn upon them, in the possession of the several Banks, and not returned and exchanged till the ensuing morning, amounted on the 1st of February last, exclusively of the balances due to Banks out of the city, to 15,500,000: and the aggregate amount of the specie in their vaults to 1,652,000 dollars. This proportion is known from experience to be sufficient in ordinary times, and will prove so now, so long as the amount of public deposites shall not be materially diminished; and especially at a time when there is not and cannot be any foreign demand for specie: but this amount of specie could not be sensibly lessened without endangering the safety of the Banks.

Even if willing to encounter the risk of still further lessening the ratio of specie to liabilities payable on demand, it is not in the power of the Banks to do it at pleasure; since the ability to extend their discounts beyond the amount of their capital depends entirely on that of their circulation and deposites, and these are regulated by the wants of the community, and not by the operations of the Banks. Should they, by a simultaneous effort, increase at this time their discounts by two millions of dollars, they must to the same extent issue an additional amount of bank notes, or open additional credits on their books (commonly called deposites) in favour of those whose notes they might discount: and by far the greater part of this excess of issues, or book credits, beyond the amount wanted to effect the payments of the city, would be almost instantaneously returned upon them, either by transfers of the surplus amount to other cities, or in some other way.

In the present state of public excitement and apprehension, the slightest incidents may produce fatal effects. An unfounded alarm as to the situation of the country Banks, has shown the necessity imposed on those of the city to husband their resources. In that instance, we are gratified to find that the measures of relief which were immediately adopted have been attended with complete success: and that the Banks of the interior by a salutary though painful curtailment of their issues, and by judicious measures for the redemption of their notes, enjoy now the same confidence as heretofore.